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August 19, 2008

**AGENDA ITEM 3a**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

**I. SUBJECT:** Blue Shield NetValue Update

**II. PROGRAM:** Health Benefits

**III. RECOMMENDATION:** Information Only

**IV. INTRODUCTION**

Blue Shield of California (Blue Shield) will provide to the Health Benefits Committee (HBC) a NetValue Health Maintenance Organization (HMO) Plan update that will outline the network for 2009. This agenda item will be presented by Blue Shield staff (see Attachment I).

**V. BACKGROUND:**

In January 2008, CalPERS introduced the Blue Shield NetValue HMO Plan in some geographic markets which provided a smaller network comprised of more efficient medical groups. This network succeeded in providing a significantly lower premium than the standard CalPERS Access + HMO network while providing the same medical benefits. The 2008 NetValue state basic premium is ten percent lower than the Access+ state basic premium. In order to participate in this network, medical groups had to meet cost efficiency criteria and quality standards based on nationally-recognized quality metrics. This product is offered on a side-by-side basis with the existing Blue Shield CalPERS Access+ HMO Plan.

In 2009, the Blue Shield NetValue HMO Plan will again offer a significantly lower price point while providing the same medical benefits as the CalPERS Access+ HMO network. The 2009 NetValue state basic premium will be eleven percent lower than the Access+ state basic premium. The service area will continue to consist of 17 counties: El Dorado\*, Fresno, Kern\*, Kings, Los Angeles\*, Madera, Nevada\*, Orange, Placer\*, Riverside\*, Sacramento\*, San Bernardino\*, San Diego\*, San Joaquin\*, Santa Barbara\*, Ventura\*, and Yolo. *\*The NetValue Plan is available only in portions of these counties.*

## **VI. 2009 NETVALUE NETWORK GOALS:**

The following key goals were considered in constructing the 2009 NetValue network:

- Maintain the premium price differential between NetValue and Access+
- Minimize member disruption
- Grow the NetValue network where possible to continue to maximize member access to lower cost MG/IPAs and encourage continued and new enrollment in NetValue

## **VII. 2009 NETVALUE NETWORK METHODOLOGY**

The methodology used to measure MG/IPA cost and quality remains the same as the previous year.

Cost Methodology: The cost component evaluates the twelve months of data for the period ending June 30, 2007 and is trended to predict cost through 2009. The data includes the total cost of healthcare (professional, facility, mental health and pharmacy) and is adjusted to account for the underlying health risk of the population. MG/IPAs' cost is compared to their peers in geographic cohorts.

Quality Methodology: The quality assessment includes evaluations of clinical and patient satisfaction scores based on the MG/IPA's performance on the Integrated Healthcare Association Pay for Performance (IHA P4P) program. Also included in the evaluation were grievances, appeals and complaints.

## **VIII. 2009 NETVALUE NETWORK CONFIGURATION RESULTS:**

In order to achieve the above goals, Blue Shield applied a different cost benchmark for inclusion into the 2009 NetValue network. As a result, an additional 24 MG/IPAs, with a combined CalPERS membership of 8,994, will be available in the 2009 NetValue without sacrificing the premium price differential. Six MG/IPAs will no longer be available in NetValue (but remain available in Access+), impacting up to 1,516 NetValue members; approximately 350 of these members have primary care physicians (PCPs) who are also affiliated with another MG/IPA still available in NetValue. The 2009 NetValue network will be comprised of 120 MG/IPAs, representing forty eight percent of the Access+ MG/IPAs in the 17-county service area.

## **IX. 2009 NETVALUE NETWORK COMMUNICATION PLAN:**

Blue Shield has planned several strategies and activities in order to promote the NetValue plan and to inform members of the network changes.

**Pre-Open Enrollment Activities:**

By August 29th, Blue Shield will:

- Send a targeted communication to the current NetValue members who belong to a MG/IPA that will no longer be available in the 2009 NetValue network. Communication will outline options available to members:
  - If current PCP is available to them under an alternate NetValue MG/IPA, members can move to the alternate MG/IPA.
  - If current PCP is not available in NetValue, members can move to Access + to keep their PCP or choose another PCP who will be available in the 2009 NetValue network.
- Send a special communication to those members who are in Access + but whose current PCP is in NetValue to encourage them to move to NetValue. The communication will underscore to these members that they can move to NetValue while retaining their current PCP, having the same benefits, and lowering their premiums.
- Send a targeted communication to all HBOs highlighting the NetValue Plan, the relevant network changes, and rates; a special outreach will be made to those agencies with a high number of targeted Access+ members currently seeing a NetValue provider.
- Update member and HBO dedicated websites with NetValue network changes, benefit brochures, and rates.
- Complete outreach to MG/IPAs regarding their NetValue status.
- Notify appropriate local legislators that six MG/IPAs will no longer be available in NetValue but remain available in Access+.

**Open Enrollment Activities:**

Blue Shield will use the Open Enrollment health fairs to continue to educate members and HBOs in person on the:

- Relevant NetValue network changes;
- Necessary steps to take to ensure continued or new enrollment in NetValue;
- Necessary actions for members who would like to switch products.

**X. STRATEGIC PLAN:**

This directly relates to Goals X and XI of the strategic plan which states:

- “Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.”
- “Promote the ability of members and employers to make informed decision resulting in improved lifestyle changes and health outcomes.”

**XI. RESULTS/COSTS:**

This is an information item only.

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Attachment